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FOR IMMEDIATE RELEASE

(Washington, DC) – Today, Rep. Luis V. Gutierrez, Chair of the Subcommittee on Financial Institutions and Consumer Credit of the House Financial Services Committee issued the following statement.

I would like to directly and clearly address the arguments we have heard this past week regarding the so-called "bailout fund."

Many of the opponents of strong financial services reform have argued that the dissolution fund that was included in the House legislation passed in December and the legislation that is currently under consideration in the Senate contains a "bailout fund" to rescue failing financial institutions. This is simply not true and anyone who believes it to be true is either lying or has not read the legislation.

I wrote the dissolution fund language in the House and the Financial Services Committee amendment that included it in H.R. 4173, the Wall Street Reform and Consumer Protection Act of 2009 and I will unequivocally state today what I said back then: this fund does not bail anyone or anything out. Instead, it was created to pay for any costs associated with the ultimate failure of the firm. The money in this fund comes from risk-based assessments charged to the riskiest financial firms proportionate to the risk they pose the financial system. The funds can only be used if the regulators make a determination that the firm cannot survive and bankruptcy is not an appropriate option for its failure.

For an analogy everyone can understand: this is not an auto repair shop where you take your car to get it fixed by a mechanic so you can drive it back home. This fund is a junkyard where you take your car to be torn apart and sold for scrap.

Democrats have made a commitment to this country that taxpayer funds will never again be lost in the cleanup of a failed financial institution and our dissolution fund maintains that commitment. Contrary to what many have said this week, a resolution fund that is not pre-funded by financial institutions would open the door to using taxpayer money until banks and others could be assessed. This is unacceptable and would only codify the existing status-quo.

There is no bailout fund, period. I challenge anyone who thinks otherwise to point out exactly where this so-called bailout fund is in the legislation.

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